

As we move into the 21st century, Americans look forward to continued friendship and goodwill with the people of Ireland. Laura joins me in sending best wishes for a wonderful St. Patrick's Day.

George W. Bush

Remarks to Small-Business Owners
March 16, 2001

Thank you all for coming. Be seated. [Laughter] Madame Secretary, thank you very much for the kind introduction. I want to welcome you all to the White House, the people's house. I can't tell you what an honor it is to live here. It's been a fantastic experience for me and Laura and our family, and we take our responsibilities seriously.

I want to welcome you. I want to welcome the entrepreneurs of America. First, I want to recognize Hector Baretto, who is the nominee for the Small Business Administration—Hector—and president of the Utah State Senate, Al Mansell, is here, as well. Al, thank you for coming.

Before I introduce the folks behind me, I'd like to say something about commonsense budgeting, something you get to do every day, something our Federal Government ought to do with your money. And that is, take a commonsense approach about what we do with the people's money. And it means setting priorities, understanding whose money it is we're spending. And the best way to do this is to say, what are our priorities?

Education is a priority, and we need to focus on education. But I also remember where I came from. It's one thing to spend money at the Federal level; it's another thing to make sure we understand how to achieve educational excellence for every child. And that means trusting local folks to chart the path to excellence. The people who care more about the children in a respective community are the people who live in the community. And so while we'll focus some Federal resources, we need to trust the local people by passing power out of Washington, DC, to run their public schools in America, and at the same time, we've got to insist upon results.

You do that every single day with your businesses. The Federal Government ought to start doing that, as well. And so we're going to say, "There's more money for you but show us whether or not children are learning to read and write and add and subtract. You measure, you show us so that not one single child gets left behind."

Another priority is the defense of the country. It's a solemn, solemn task of the President to keep the peace, which means we've got to prioritize spending in the military. And it starts with making sure we pay our troops more money. And so my budget says, there's more money for those who wear the uniform and better housing for those who wear the uniform and taking care of the veterans, for those who used to wear the uniform.

Another priority is health care. We've got a plan to take care of the working uninsured by refundable tax credits. We double the Medicare budget over a 10 year period of time. Another priority is to make sure that the Social Security system is safe and secure. And it starts with spending the Social Security money on only one thing—Social Security.

So this is a budget that I submitted that sets priorities. It increases what's called discretionary spending by 4 percent. That's enough to fund our priorities and keep our commitments without overburdening working folks and small-business owners. Now, part of the consternation here in Washington is that I don't want to spend as much money as they used to spend up here. By setting priorities and focusing and remembering whose money it is we're spending, I think we can slow the rate of growth down.

You see, at the end of last time, the last session, discretionary spending increased 8 percent. That's a lot, particularly when you're talking in terms of trillions. And so we've said, "Let's be responsible with the people's money. Let's focus, let's meet needs, but let's always remember whose money it is in the first place."

There is a lot of discussion about debt reduction, and that's a worthy discussion. The budget I submitted pays down \$2 trillion in debt. That's all the debt that's coming due over the next 10 years—that's \$2 trillion over

10 years. People say, "Why don't you pay down more?" And for those of you who have debt, long-term debt, know there is a cost to prepaying debt. And it doesn't make any sense to pay a premium to prepay debt with the people's money. That's not good fiscal policy. It doesn't bring any common sense to the budget.

But when we discuss debt, I also want Members of Congress to understand there is more than just Government debt. There is credit card debt that burdens working people. There is debt in the private sector. And it seems to make common sense to me that when we're planning what to do with the people's money that we not only pay debt at the national level, but we give people some of their own money back or don't take it in the first place, so they can manage their own debt, so that small businesses can manage their debt.

I set aside money in our budget over a 10 year period, the 10-year budget, for contingencies. So there is a trillion over 10 that's not spent, just in case something comes up. What I'm trying to do is to lay out exactly what we've got planned for the country. We increase discretionary spending by 4 percent. That's greater than the rate of inflation. That's greater than most people's paychecks have risen by. We pay down debt by \$2 trillion. We set aside a trillion debt of contingencies—I mean, \$1 trillion of contingency money. And the debate is, what to do with the rest, because, you see, incredibly enough, as a result of your hard work and the tax burden on the American people, there is still money left over. And so what do we do?

And by the way, before I tell you what I think we ought to do, I want you to know the assumptions in the plan are conservative assumptions. For example, over the 10 year period it is assumed our economy will grow at 3.2 percent. We can do better than that in America. We don't have to have such a pessimistic view of the productivity of the American people and the ingenuity of the entrepreneurs and the hard work of small-business people. We'll do better than that.

So I want to assure my fellow Americans that the assumptions in the budget are very conservative assumptions. After all, in the first 4 months of this year the cash flow com-

ing into our Treasury is \$40 billion more than anticipated. And it seems like to me that if you're collecting \$40 billion more than you thought, somebody is being overcharged.

And so we've submitted a plan to Congress to provide meaningful tax relief. Let me give you some of the principles of the plan. First, I don't believe in targeting tax cuts. I don't think the U.S. Congress ought to be able to pick and choose the winners in society. "You get the tax relief, and you don't get the tax relief." It makes sense that everybody who pays taxes, if we're going to have tax relief, ought to get tax relief. That's the fair way to do things.

We need to begin the process of making the code more simple. And a good place to start is to reduce the number of rates there are. So we shrink the rates from five to four and drop all rates. The Tax Code is very unfair to people at the bottom end of the economic ladder. If you're struggling to get ahead in America, say for example, you're a single mom, raising children, and you're at the \$22,000-a-year range, for every additional dollar you earn, the way this code is structured today, you pay a higher marginal rate on that dollar than someone who's making over \$200,000. As the lady who's struggling to get ahead, trying to put food on the table for her family, makes additional dollars over time—if you're a waitress, for example, working late at night—that additional dollar is taxed at a higher rate than someone making \$200,000. That's incredibly unfair, and it's certainly not what America's about, as far as I'm concerned.

America ought to be about rewarding hard work, not punishing hard work. And so we drop the bottom rate from 15 percent to 10 percent and increase the child credit from \$500 to \$1,000 per child. The code is not only unfair at penalizing people who live on the outskirts of poverty, the code also sends the wrong signal when it comes to marriage. And we have a marriage penalty in the Tax Code that we need to fix. And so my plan that I'm submitting to Congress does just that.

But I want to talk about two other aspects of the tax relief package that are very important and sometimes misunderstood. I strongly believe we need to drop the top rate from

39.6 to 33 percent. I've heard all the rhetoric about what that means, and so have you. But overlooked in the political hyperbole that tends to take place in our process is the fact that dropping the top rate from 39.6 to 33 percent serves as a stimulus to small-business growth in America.

The Treasury Department released a report earlier today on small-business owners who pay personal income taxes and small businesses which pay at the highest rate of 39.6. According to the Treasury Department, nationwide there are more than 17.4 million small-business owners and entrepreneurs who stand to benefit from dropping the top rate from 39.6 to 33 percent.

The role of Government is not to create wealth. The role of Government is to create an environment in which the entrepreneurial person in America who works hard and dreams big can realize his or her dreams. That's the role of Government.

I've got three folks standing up here that will serve as vivid examples of small-business folks from respective States. And I want to explain the impact of what dropping the top rate means in terms of the number of people, number of small businesses, who will be affected. Again, I repeat for America to hear: Most small businesses don't pay corporate taxes; most small businesses are sole proprietors or Subchapter S's. And their businesses are subject to personal income tax rates.

Patty Nathe of the State of Florida represents a State where there is one million small businesses and entrepreneurs who will benefit when we drop the top rate. Dennis Fugo from Ohio—Denise Fugo, who happens to be head of the National Restaurant Association, represents a State that has more than 630,000 small-business owners and entrepreneurs who will benefit. And Brad Drake from the State of South Dakota, an entrepreneur and small-business owner, represents a State with 55,000 small-business owners and entrepreneurs in a State who will benefit from dropping the top rate from 39.6 to 33 percent.

It is very important for Congress to hear from you. It is also important for Congress to understand the impact small businesses have on our economy and to always keep that in mind. If we want to have a strong economy

and a strong America, it is important to understand that small businesses generate 51 percent of the private sector GDP and that small businesses provide 75 percent of the net new jobs in America.

The small-business owner is incredibly important to the future of this country. And this tax relief plan is aimed at encouraging capital formation and capital growth in the small-business sector of America. And the Congress must understand that and must hear from you all.

The tax relief plan will increase cash flow of small businesses, giving folks more resources to buy more equipment and, as importantly, hire more workers. This tax relief plan gives people a chance from both political parties to send a clear signal that we are allies here in Washington of the small-business owner, not adversaries, that we encourage small business growth, that we understand the importance of the entrepreneur in the American economic sector.

And I hope as you all become involved in this process, that you help fight through the noise, the background chatter, the kind of political clutter that tends to fog the real issue. And the real issue is, how do we get money in the pockets of our entrepreneurs, after we meet basic obligations of Government, after we increase discretionary spending by 4 percent, and pay down taxes?

The fundamental debate is, what to do? And the apologists, those who don't stand on the side of the entrepreneur, want to say, "Use every excuse in the business to keep your money in Washington." They want to grow the size of Government. I don't. I want to grow the size of the private sector by giving you your money back.

And there's another debate that's taking place that affects you directly. And it's about the death tax. I don't think it's fair to tax a person's assets twice. I don't think it's fair for the small-business owner or the farmer or the rancher to work their life so they can pass their asset or their business on to a relative or a family member and have it taxed twice, once when you make the income and secondly after you die. I hope—I hope—that you stand with us, not only to make sure that the tax relief plan is fair, staying with us to

make sure that dropping that top rate—people hear what it does for the incredibly vital sector of America, the American economy, which is the small-business sector—but also stand with us in sending that message loud and clear, that we need to get rid of the death tax in the Tax Code.

I urge you to let your Senator know, or Senators know, what your opinion is. I believe you can have a big impact on how folks think up here. I certainly feel like we're making progress by reminding people of the practicalities of budgeting and the common-sense approach to what to do with your money.

But you need to let people know what they ought to be doing with your money, too. And a choice is—the choice is growing our economy or growing the Government. I just want to assure you that we've got ample money to meet our needs. And if we don't pass money back, I just know what's going to happen to it. It's going to be spent. *[Laughter]*

It's like the grandmother in Council Bluffs, Iowa, said during a speech. She said she has baked a lot of cookies in her day. And she's seen children and grandchildren come through her house. And every time she's left the cookies on the plate, they have been eaten. *[Laughter]* And that's how I view the budget process. *[Laughter]*

Finally, I want to urge you to be involved in your communities. I know you are in hiring people. But as entrepreneurs and concerned citizens, it's also important to be involved in your schools, to help fund and staff the programs that literally change America, one face at a time.

You see, the great strength of America are the people of our country, the dreamers and doers and people who can accomplish things. People not only figure out how to make a living by using their brain but also figure out how to make their neighborhoods better by following their hearts. I hope you sponsor mentoring programs, so that all children feel like somebody cares about them in our society. I hope you get involved with after-school programs, that may be sponsored by the Boys and Girls Clubs of America. The greatness of the country really, really exists because Americans care about our future.

There is a role for Government, but I understand how limited it is. I oftentimes tell people I wish I could sign the law that says we'll love each other like we'd like to loved ourself. That's not the role of Government. But it is the role of the President to lift the spirit of the country and to call upon the best. And the best are sitting right here. And I urge you to go back to your community and make a difference in somebody's life.

God bless you all, and God bless America.

NOTE: The President spoke at 2:35 p.m. in the East Room at the White House. In his remarks, he referred to Secretary of Labor Elaine Lan Chao, who introduced the President.

Proclamation 7416—National Girl Scout Week, 2001

March 16, 2001

By the President of the United States of America

A Proclamation

This week marks the 89th anniversary of the founding of the Girl Scouts of the United States of America. Juliette Gordon Low founded the organization as a way to give girls greater opportunities to develop skills and to mentor them in knowledge and character. Promoting leadership and altruism, the Girl Scouts organization has played a unique and important role in preparing millions of girls to master challenges and to pursue dreams.

The Girl Scouts offers many ways for members to explore their interests and talents. With participation spanning five levels, girls ages 5 to 17 learn the importance of strong values as they strive to fulfill the highest ideals of good citizenship. The pure enjoyment of camping and other recreational activities is matched with lessons in compassionate caring for their neighbors.

Today, almost 3 million girls and more than 900,000 adult volunteers reap the benefits of involvement with this beloved and enduring organization. Guiding America's next generation of leaders, the Girl Scouts helps individuals to reach their full potential and builds a brighter future for our great Nation.